ART. III. — 1. *On the Probable Fall in the Value of Gold: the Commercial and Social Consequences which may ensue, and the Measures which it incites.* By MICHEL CHEVALIER, Member of the Institute of France, etc. etc. Translated from the French, with Preface, by RICHARD COBDEN, Esq. New York: D. Appleton & Co. 1859.

2. *The Principles of Political Economy applied to the Condition, the Resources, and the Institutions of the American People.* By FRANCIS BOWEN, Alford Professor of Moral Philosophy and Civil Polity in Harvard College. Boston: Little, Brown, and Company. 1856. 8vo. pp. xxv. and 546. (Chapter XXII. *The Decline in the Value of Money.*)

3. *The Ways and Means of Payment: a full Analysis of the Credit System, with its various Modes of Adjustment.* By STEPHEN COLWELL. Philadelphia: J. B. Lippincott & Co. 1859. 8vo. pp. xii. and 644.

WE have placed at the head of this article the titles of three books, all of which are valuable additions to the department of science of which they treat. We propose, however, to examine only the first of them. We have deemed it a duty to mention also the other two, though one of them has already been reviewed in our pages, because the chapter of Mr. Bowen's book to which we especially refer anticipates, by a period of nearly two years, some of the most important statements and conclusions of M. Chevalier; and from the very recent and elaborate treatise of Mr. Colwell we have derived some valuable facts, for which we desire to give the proper credit. This latter work is worthy of more than a passing notice. Its author, who is intimately connected with one of the great producing interests of the country, is also known as a veteran in the science of Political Economy, and has hitherto, by his pen and by his editorial labors, made valuable contributions to its literature in this country. We have now, however, to speak of M. Chevalier's treatise on the Fall in the Value of Gold, a work which is destined, we think, to produce more impression than any on a kindred subject which, in this age teeming with discussions of credit, currency, and money, has recently

appeared. It is not a long book, nor is it a dry one, as a glance at its somewhat appalling show of figures might lead one to fear. It is easily read, and its main facts and arguments are easily mastered. To the disciplined mind of the author the whole subject seems so simple, that he makes it almost equally lucid to our own.

Michel Chevalier is known in this country as one of the most intelligent foreigners who have visited the United States for the purpose of studying our political, social, and industrial institutions, and given the results of their observation to the press. He came here in 1832, having been sent by M. Thiers, then Minister of Commerce, to investigate our railway system. He spent nearly two years upon this side of the Atlantic, and after his return published, at intervals, several books relating to the United States. The best known of them is that entitled, "Society, Manners, and Politics in the United States," a translation of which was published in Boston in 1839. In Europe M. Chevalier is known as an eminent political economist, of which science he is a Professor in the College of France; and especially as the leader of the free-trade party, a position which secures to his writings peculiar influence and favor in Great Britain. No man is more competent than he to discuss intelligently the important topics of the present volume, and to no man should we look more naturally than to Richard Cobden, his admirer and fellow-laborer, to introduce the work, in our language, to English and American readers. The name of Mr. Cobden upon its title-page will, at the present moment, draw more attention to the book in this country, than even that of its distinguished author. Mr. Cobden has recently been, for the second time, a visitor to the United States, and everywhere a desired and honored guest.

Political economy is the science of a free and commercial people, and accordingly it was in England — then the freest of commercial states — that it was first intelligently discussed. It presupposes that the people of a country, and not merely its rulers, have an interest to discover, and power to establish, the true laws which should regulate the business intercourse of nations, and make the industry and resources of individuals productive of the highest national prosperity. Without free

discussion, and free legislative action, this end cannot be accomplished. It is a coincidence not unworthy of notice, in this connection, that the same year which witnessed the American Declaration of Independence, gave to the press Adam Smith's "Inquiry into the Nature and Causes of the Wealth of Nations"; and quite as memorable is it in the history of the institutions and material progress of Great Britain, that a decade of years which saw the waning glory of Chatham, the meridian splendor of Burke, and the rising effulgence of Charles James Fox, produced a work as instrumental in promoting the welfare of that great empire, as the wisdom of her statesmen or the eloquence of her orators. Much of the later legislation of that country we believe to be fairly attributable to the information and principles which that work first brought together and disseminated, and to the interest which it awakened in the minds of public men.

The subject of the currency had occupied the minds of some of the ablest men of Great Britain, before the publication of Adam Smith's book. Very early in the century, the philosopher Newton, then Director of the Mint, had established, with a clearness which has not since been surpassed, the principle that any unusual production of either of the precious metals disturbs the arbitrary relation affixed to them by law, and leads inevitably to the exportation of the one thereby rendered more valuable; and he then suggested the true remedy, in a readjustment of the legal relation. The Earl of Liverpool, also, as early as 1774, had begun to direct his attention to the subject of the coinage, though it was not until thirty years afterward that his celebrated "Treatise on the Coins of the Realm" was given to the press.

During the period that intervened between the suspension of cash payments in 1797, and their resumption in 1821, a host of writers, and a multitude of very able debates in Parliament, presented the subject of the currency in every light of which it seems capable. The report of the Bullion Committee, in 1810, brought the whole matter distinctly before Parliament, and it was constantly discussed there from that time till the passage of Sir Robert Peel's Act in 1819. Then arose the two great parties of Bullionists and Anti-Bullionists, which have

divided public opinion in Great Britain from that day to this, and which at this time carry on their discussions with as much interest, and dispute with as much acrimony, as in the days when Lord Liverpool was Minister.

In popular language, money is but another name for wealth, and all estimates or expressions of wealth are made in the language of money. It is correctly said that money is a "representative" of value, but this does not express its full meaning. It is not merely the measure of all values, but, like other useful commodities, it is a value in itself. Aristotle thus explains its origin.

"It was agreed," he says, "to give and to receive a substance, which, useful in itself, was easily transferred from hand to hand in the ordinary transactions of life; it was iron, for instance, or silver, or some other substance, of which the size and weight were in the first place determined, and on which, to escape from the inconvenience of continual measurings, a particular stamp was affixed as a sign of its value."

The patriarchs of ruder times are supposed to have consummated their bargains by the exchange of flocks and herds, in which their wealth consisted. "Pecus," *a flock*, is the root of the Latin "pecunia," *money*. Thus does language preserve and transmit to us customs otherwise uncertain or forgotten. The coinage of the precious metals, which is an expression on the face of the metal of its weight and fineness, is of much later origin than the use of them as money. It grew necessarily out of the inconvenience of the continual weighing and testing of quality.

The selection of gold and silver to serve the purposes of money was due to the supposed stability of their value. It was essential that the commodity selected should be difficult of acquisition, moderate in quantity, and as nearly as possible of uniform production. The early experience of the world justified the application of these qualities to gold and silver, and though later discoveries of gold have done much, as we expect to show, to disturb its relation of value to other commodities, the two metals still continue better fitted to perform the important functions assigned to them than anything which could be substituted in their place. Every event which tends to impair the immutability of their value, in the same degree impairs, for a time, their usefulness as money.

Two such events have occurred within the range of modern history, the discovery of the silver mines of Peru in 1545, and of the gold fields of California and Australia in 1848 and 1851. The effect of the first of these discoveries in disturbing the value of the precious metals is abundantly established. Silver became, relatively, much more abundant than gold, and its value, measured by its purchasing power, fell in the early part of the seventeenth century to less than a third of what it had been previously to the discovery of America in 1492. In France, a "hectolitre" of wheat (about three bushels), which at the earlier date cost a sum equivalent to from 49 to 62 cents of our money, at the beginning of the seventeenth century cost from $1.86 to $2.05. The price continued to rise gradually through the eighteenth century, and has risen until the present time, so that, during the last fifty years, the hectolitre has averaged in price about $3.72.

These facts establish the principle that the precious metals may rise and fall in value like other commodities, though the fluctuation is marked chiefly by the fluctuation in the price of other products. A few words respecting *value* and *price* are necessary to the clear understanding of the subject. The *value* of an article depends upon the extent and degree of its usefulness, and upon its abundance. Of two equally useful articles, that is most valuable which is produced in the smallest quantity, and in an exchange of those articles, a larger quantity of the more abundant must be given for a smaller quantity of the scarcer of them. Value, when expressed in money, — which is the common standard by which all values are rated, — becomes *price*. It is common to treat these words *value* and *price* as synonymous, but this is by no means correct; for money, in which all prices are expressed, is itself of variable value. While, therefore, in most cases, fluctuations in the price of commodities have been owing to the increased or diminished production of them, or to an increased or lessened demand, and while in periods of moderate duration gold and silver have remained of uniform value, in not a few instances the change of price has been caused by a real change in the value of money. Property is extremely sensitive to fluctua-

tions even in the temporary supply of money. This is witnessed in the daily operations of the stock exchange. It is still more sensitive to any permanent disturbance of its own value; but with a metallic currency, it is not always easy to determine whether a rise or fall in commodities is attributable to one or the other of these causes. When, however, we abandon for a time the use of the precious metals as a medium of exchange, and resort to paper money as a substitute, we very quickly perceive that a depreciation in the value of the medium raises the price and apparent value of all other articles. The most remarkable illustrations of this truth, in modern times, are to be derived from the issue of the Continental money during our Revolutionary war, and of the *assignats* in France during the French Revolution. These substitutes still bore the name of money, after the price of a bushel of salt had risen, in America, to two hundred dollars, and the fare of a hackney-coach in Paris to six thousand livres. A similar, though much less marked, depreciation in the value of paper money was consequent upon the suspension of cash payments by the Bank of England in 1797, bank-notes having fallen at one time to twenty-five per cent below the gold which they represented.

The amount of gold and silver yielded by America from 1492 to 1500, is estimated not to have exceeded $ 290,400 annually. From 1500 to 1545, the product of mines, together with the hoards discovered in Mexico and Peru, rose to an average of more than $ 3,000,000 annually. After the discovery of the rich mines of Potosi, in 1545, the production increased rapidly to $ 11,000,000, and afterwards even to $ 15,000,000 a year. When we consider how few in number and variety were then the exchangeable commodities of the world, we shall perceive the immense influence in prices which such an increase of the precious metals must have occasioned. We have seen that history, with its unerring data, supports the universal law.

The most authentic estimates of the production of gold and silver, prior to the present century, are those of Humboldt, who, in his Essay on New Spain, fixed it at the following average annual amounts: —

From 1492 to 1500, ...	$ 250,000
" 1500 to 1545, ...	3,000,000
" 1545 to 1600, ...	11,000,000
" 1600 to 1700, ...	16,000,000
" 1700 to 1750, ...	22,500,000
" 1750 to 1803, ...	35,300,000

The amount of gold produced at the beginning of this century, in America, in Europe, and in Asiatic Russia, he estimated at about $10,500,000 annually. Adding all that was received in Christendom from other sources, M. Chevalier estimates the aggregate amount at less than $12,000,000. The supply was first increased from the Russian mines; those of the Oural Mountains, rediscovered in 1774, becoming productive in 1810; and those of Siberia, discovered about 1830, yielding a far richer return after 1840. M. Chevalier represents the quantity, thus increased, to be three times the annual production at the beginning of the century. Birkmyre, whose estimates at the time of their publication, in 1851, were regarded as the most accurate and valuable then made, represents the increase of the annual product as from $12,643,048 in 1801, to $28,298,129 in 1846. The difference between this estimate and M. Chevalier's is not important in itself, and it dwindles into insignificance when we come to consider the immense increase in production which followed the discovery of the Californian and Australian deposits. Chevalier estimates the mass of gold annually furnished to the states of Christendom in 1857 at $183,750,000. The production of that year was fifteen times as great as it had been forty years before, and five times as great as it was in 1848. In the same period of forty years, the annual production of silver had increased only from $38,000,000 to $43,000,000.

This increase of gold is still more striking when expressed in another form. The whole continent of America, from its discovery in 1492 to 1848, produced only about $1,944,657,000 of gold. At the present time, the amount annually yielded throughout the world is nearly $200,676,000, or more than one tenth of the whole production of America prior to 1848.

To present this marvellous production in still another aspect, and one which, at the same time, shows the influence it

is already having upon prices, M. Chevalier states that the ordinary daily earnings of a miner in Australia and California average nineteen francs, or $ 3.53, while, at the same time, a gold-washer on the Rhine gathers daily gold-dust worth only one and a half or two francs (28 to 37 cents), and is contented to follow the occupation. If, in answer to this, it be said that the cost of living in California and Australia is higher than in Germany by an almost equal degree, it is replied that this is but a temporary state of things, and there is no reason to suppose that the cost of producing or procuring the necessaries of life will be permanently greater in those countries than in other countries of similar climate. The richness of the soil, its capacity to yield every kind of agricultural product in the greatest abundance, and the energy of commerce, always tending to restore prices to an equilibrium throughout the world, will speedily bring about this result. If the richness of the mines still continues, the California miner will receive $ 3.50 for that labor which, under precisely similar conditions elsewhere, is worth but one dollar. Such a disparity cannot long continue; gold will diffuse itself through other countries, and tend there to raise the price of labor to the California standard; or, in other words, gold will become depreciated elsewhere as it is in California.

The next inquiry which suggests itself is, What has become of all the new gold, and why has it not produced a more marked enhancement of prices, than is supposed to have occurred? A few facts and figures, presented by our author, seem to us to answer this inquiry satisfactorily. The coinage of gold since 1848 has followed closely upon its production, and in that condition it has diffused itself, with a rapidity and to an extent hitherto unparalleled, through the currencies of Europe. In France, during eleven years of the reign of the first Napoleon, the coinage of gold amounted to about $ 102,000,000, or an average of about $ 9,000,000 a year. Under Louis XVIII. it averaged only $ 7,250,000. In the six years of the reign of Charles X., the whole amount coined was only $ 9,672,000, or $ 1,612,000 a year. Under Louis Philippe it averaged $ 2,325,000. During the eight years ending December 31, 1857, the gold coined at the Paris mint

amounted to $505,000,000, an average of $63,240,000 a year. The greatest amount coined in any one year was in 1857, when it reached $106,496,388.

In England, for the seven years ending December 31, 1856, the total coinage of gold amounted to $221,429,361, an average of $31,634,194 a year, or less than half the coinage of France in the same period. For the seven preceding years, it had amounted only to $138,132,201, or an average of $19,733,171 a year.

In the United States we have not so accurate returns; but from several sources we gather the following facts. The Director of the Mint, in a communication addressed to the Governor of Massachusetts, December 11, 1858, estimated the total amount of gold and silver coin in the United States at $258,000,000. In October, 1856, the same functionary, in a letter addressed to the Secretary of the Treasury, estimated the amount at $200,000,000. These statements show an increase of $58,000,000 in two years, of which $46,064,000 was in gold, being an average of $23,032,000 a year. Other estimates place the amount of gold and silver coin in the United States, in 1849, at $120,000,000, and show a gradual increase to the figures given above, or a more than doubling of the amount in nine years. Nearly the whole of this increase has been in gold coin; for it is well known that the influx of gold from California soon operated in the United States to drive the silver coin of full weight out of the country; and this dangerous depletion was stopped only by the Act of 1853, which, by reducing the weight of silver coin below the weight of bullion of like value, rescued it for use to the country, but practically abolished silver as a money standard, — the law providing that the new coin should be legal tender only to the amount of five dollars. We shall have more to say of this law in another connection.

Following the statistics of our author, we find that, since the discovery of the new gold, the coinage of silver in France has largely diminished. During the first forty-eight years of this century it amounted to $723,726,000, or an average of more than $15,000,000 a year. During the eight years ending with 1857, it has amounted only to $60,298,760, or an

average of $7,537,345. In 1857, the year of the greatest coinage of gold, it reached only $708,637, and in 1854 it was less than half a million of dollars.

The imports of silver into France formerly exceeded the exports,—the excess, from 1816 to 1839, amounting to nearly $340,000,000. They continued in like proportion till 1852, when the exports began to preponderate, so that in six years ending January 1, 1858, the excess of exports amounted to $212,600,000, or about two fifths of the silver money which France was supposed to possess a few years previously.

This sudden and rapid displacement of silver in France is attributed by M. Chevalier chiefly to its enhanced value as caused by the fall of gold, though it is due in part also to local and temporary causes, which have created a demand for the metal elsewhere. Silver in France is now at a premium, ranging, in the two last years, from two to four per cent. This, in a country where the annual rate of interest is within the same limits, is quite sufficient to cause a constant drain of that metal.

A large portion of the silver thus parted with has gone to the East,—to countries where it is the only legal currency. The amount of silver sent to the East from Western Europe in 1857 is estimated at $97,506,257, or more than double the production of the silver mines of Europe and America in the same space of time. At the beginning of the century it is estimated that the export of both silver and gold to the East did not exceed $13,000,000, and that in 1830 it had fallen below $10,000,000. M. Chevalier admits that the amount likely to be hereafter exported to the East cannot be estimated with any degree of accuracy. Since the renewed attempts in China to suppress the opium-trade, and during the period of the wars which have convulsed that country as well as India, the condition of things in that quarter of the globe has been exceptional, and such as to cause an unusual demand for silver, both to pay for commodities and to supply the military chest. The complete subjugation of India by Great Britain will tend to restore things to their former state; but the necessity of maintaining a much larger army there in future, and the measures recently taken to exclude gold altogether

from the currency of that country, will tend to keep up in India a demand for silver greater than has ever hitherto been known in time of peace. It has just transpired that the finances of British India are in a very disordered and embarrassed state. This will, of course, increase the necessity for remittances from the mother country, and new loans of large amount are now projected.

On the other hand, the legalizing of the opium-trade, by the recent treaty between Great Britain and China, will bring back to India from China a part of the hoards which have for ages been accumulating there. By the conversion of the trade from smuggling to a lawful commerce, opium will, however, cease to be paid for altogether in silver, as has hitherto been the case. Credit, and an exchange of commodities, will, to a great degree, take the place of cash payments. It is well known that hitherto, whenever opium has been freely, though illicitly, admitted into China, that country has been an exporter rather than an importer of silver. This was the case from 1830 to 1839, when the government became alarmed at the drain of silver, and with a strong arm seized and destroyed all the opium then in the country. This being chiefly the property of British merchants, a war with England was the consequence. At the present time, the opium sold to China is said to equal $40,000,000 a year. Now that the trade is legalized, it will vastly increase.

It must therefore be admitted, that the drain of silver from France is, in some measure, owing to an unusual demand for it in other countries; but we think it equally certain, that the export is partly due to the premium which it bears over gold, and which, as gold is equally a legal currency in that country, allows it to be exported at a profit. This brings us to a consideration of the legal relations of gold and silver in France, and other countries, and to the subject of a double standard.

The motive which has led most civilized nations, at some time or other, to adopt both gold and silver as currency, is, that while the great value of the one, in small compass, renders it extremely suitable for large payments, the inferior value of the other permits it to be coined into pieces of convenient size for use in petty transactions. To constitute both alike mediums of payment, a fixed relation of value must be established be-

tween them; and if the cost of producing each remained always uniform, there would be no objection to the double standard. Unfortunately, as we have seen, this cost does not remain the same, but is subject to fluctuations quite considerable enough to disturb the arbitrary relation, and to make one metal or the other, for the time being, the exclusive currency.

In France, by the Act of March 28, 1803, (7 Germinal, year 11,) the relation of silver to gold was fixed as one to fifteen and a half, and that law is still in force. In 1857 an Imperial Commission was appointed to consider the condition of the currency consequent upon the great influx of gold. The conclusions at which the Commissioners arrived are such as to awaken no small surprise in the readers of M. Chevalier's book. They maintain that gold has not fallen in value, notwithstanding its extraordinary increase, and that the drain of silver is attributable wholly to the demand for it in the East. They, however, regard this drain as of so serious a character, that they propose to check it by the imposition of a heavy duty, and by affixing penalties to the act of selecting and assorting silver coin for export. Upon the futility of these recommendations M. Chevalier remarks:—

> "If there be anything confirmed by history, it is that the efforts of governments are powerless to regulate the value of gold and silver in relation to other commodities, or to one another, and that they are equally so to compel the precious metals to remain within the territory of a state, should commerce give the impulse to their exportation."

In the United States, the Act of April, 1792, fixed the proportion between gold and silver at one to fifteen. Experience proved that by this ratio gold was undervalued, and, as a consequence, gold formed but a small part of the circulation, till the relation was altered by the Act of June 28, 1834, which fixed the ratio at one to sixteen. The effect of this change was to quadruple the coinage of gold. Both metals circulated together, till the influx of gold from California, after 1848, again raised silver to a premium so considerable as to cause a sudden and rapid disappearance of silver coins of full weight, and the bringing to light and use the worn and depreciated Spanish and Mexican coins, which had previously almost gone out of circulation. Such a threatened debasement of the silver coin

could be met only by legislation, and, accordingly, the Act of February 21, 1853, was passed, by which the weight of half-dollars and all smaller coins was reduced about seven per cent below what it had previously been, thus giving to the coin an artificial value above that of a corresponding weight of silver bullion. This expedient had been often resorted to before in other countries; and it has proved an effectual protection to our small domestic currency, as all motive for melting or exporting the smaller coin is now taken away. The new coinage is, however, made legal tender only to the amount of five dollars.

In England, by the Act of 1816, (56 Geo. III. c. 68,) gold coin is the only legal tender for amounts greater than forty shillings.

In Holland, Belgium, some of the states of Germany, and those parts of India lately under the dominion of the East India Company, gold has been altogether demonetized, and silver established as the only standard money. Gold, in these countries, is treated only as an article of merchandise, fluctuating in price like other commodities.

We have now endeavored to show that the value of gold is rapidly and seriously depreciating; and that the great law of values, making them to depend on the cost and magnitude of production and the extent of demand, holds good when applied to the precious metals, although, as they are by law invariable and a measure of all values, their depreciation is made apparent only by the enhanced price of other property. We have also seen, that where there is by law a double standard, and a fixed relation between the two metals, a fall in the value of gold has operated to drive silver out of circulation, causing it either to be used more extensively in the arts, or, what is more usual, to be exported to those countries where it is the exclusive standard.

We have shown, moreover, that in Great Britain and the United States gold is substantially the only currency. In these countries, therefore, no less than in France, will the effect of the depreciation of gold be apparent.

In estimating the probabilities of this depreciation, it is assumed that the supply of gold is to continue as great as it

has hitherto been. Mr. Bowen expresses a doubt of this, and thinks that there are already indications that the richest sources of supply are becoming gradually exhausted; but even he admits that gold may fall to half its present value. M. Chevalier, on the contrary, believes that the supply will not diminish, and that, after meeting all the wants of the world, for use in the arts, for the indulgence of luxury, and for substituting gold in place of paper money in those countries where, as in the United States, bank-notes are extensively used, a large surplus will still remain to dilute the currencies of those countries which shall still continue to use gold as money. This is an extremely interesting portion of his book, but we have not space to give the details of it. We cannot, of course, vouch for the accuracy of his figures and estimates upon this branch of the subject. Much is necessarily conjecture, but there is one important fact which must not be lost sight of,—that the business of the world is done to a far greater extent without the intervention of money, than would a few years ago have been thought possible. Bills of exchange and other instruments of credit, and in large cities the operations of clearing-houses, have very much reduced the actual use of money.

The effect of the new gold upon prices is not yet as apparent as we believe it is soon destined to become. We have seen that hitherto it has nearly all passed into the coinage of France, England, and the United States, displacing, in those countries, silver or bank-notes. To use the expressive title of one of M. Chevalier's chapters, "France has served temporarily as a parachute to retard the fall of gold." There are many intelligent persons in Great Britain, who still deny that prices have risen in consequence of the plethora of gold. They admit that they have actually risen, but they attribute the rise to other and accidental causes,—to shortness of crops, to expensive wars, to the increase of population beyond that of production, to unwonted commercial activity and speculation. M. Chevalier believes the rise to be general, permanent, and based upon the fall of gold.

Prices rise so gradually, and we so readily accustom ourselves to pay year by year a little more for the articles which we use, or upon which we subsist, that few persons are aware

of the great increase which has taken place within a few years. From a table in the last volume of Tooke's History of Prices, made up of twenty-seven articles, and including all the chief staples of food except bread-stuffs, and the chief raw materials used in manufacture except cotton, we find that in Great Britain, between January, 1851, and February, 1857, a period of only six years, there was in these commodities an average rise of forty-seven per cent, and that the price of many of them was doubled.

What is to be the effect of this depreciation in the value of gold, and this rapid rise of prices, is the great and serious question in which this whole discussion ends. Both M. Chevalier and Mr. Cobden regard it with great solicitude, and the arguments of the former all tend to show the necessity of substituting silver for gold in the currency of France; permitting the latter, however, to remain as a legal coinage, to be taken at its actual value, subject to frequent readjustment. Mr. Bowen, on the other hand, believes that the fall of gold is not an alarming circumstance; but that it will be of positive advantage to this country. There is, doubtless, so wide a difference between the condition of our own and older countries, that very different effects may be experienced here from those which are to be apprehended in France and England. The fall of gold will certainly be attended with much less of inconvenience and danger to our people than to theirs, while in some respects we shall derive a benefit from it.

It is obvious that, if all prices were to rise uniformly together, wages as well as commodities, no person, whose income depends upon earnings, or the profits of business, would be the loser. Such is the condition of the great mass of the people of this country. Capitalists invest their money either in real estate, in short loans upon real or personal security, or in the stocks of corporations, banks, railroads, manufacturing or insurance companies, all of which pay dividends out of their earnings, and those earnings will increase with the cheapness of money, which enhances prices. Nor will merchants and mechanics suffer, for they are always the first to profit by an abundance of money. Professional men will suffer more; for there is always a jealousy of professional charges. Those services

which are the product of the brain, the fruits of learning and education, are ever the most grudgingly paid. The man of suddenly acquired wealth, who lavishes money without stint upon the adornment of his house, upon equipage, and upon the dress of his family, and who is, therefore, a benefactor to merchants and tradesmen, contributes tardily and stingily to his minister's salary, frets at the expense of his children's education, frowns at the doctor's bill, which is the penalty of his luxurious living, and revenges himself upon his lawyer by maledictions out of Scripture. All these professional men will suffer by the enhanced cost of living; for their remuneration will not keep pace with it. Salaried men, agents, clerks, and officers of corporations will also suffer, though in a less degree. The rate of their compensation being dependent in considerable measure on the profits of business, their salaries will rise in new communities rapidly, in old ones more slowly, with the prosperity of their employers. Many, however, of the humbler of this class, especially in great cities, where a life of routine has rendered them almost incapable of other employment, and chained them to the desk like galley-slaves to the oar, will be truly straitened in the endeavor to give to their families the comforts, and to their children the education, they have hitherto been able to afford.

Those who live by the labor of the hands, the dependents upon wages, will fare the most severely. In great establishments, wages fall suddenly and greatly upon a depression of business; but they are slow to rise on its revival. The tendency of factory labor is towards relatively lower prices; and hence the condition of our New England manufacturing towns is rapidly changing for the worse. The places at the loom and the spinning-frame, once occupied for a limited season by the daughters of our substantial farmers, are now filled from a much lower class, either of foreigners or permanent native operatives. The degradation in this respect has been great within ten years. We are rapidly creating in this country a manufacturing class; and though it has not yet fallen to that low estate, which in England ties the laborer helplessly and hopelessly to his machine, for such a pittance of wages as the master chooses to give, we are fast drifting in that direction,

and the youngest among us may live to see mere stupid force substituted for that intelligent and skilful labor, which has hitherto enabled us to compete with the foreign manufacturer, who is worse served, but at far lower wages.

In the United States, we have few persons living on annuities or funded property. Annuities, though granted by some of the life-insurance companies, are very little understood by our people. Contracts of life-insurance are happily very common, and becoming more so. An annuity differs from a contract of life-insurance chiefly in this, that the price of the annuity is usually paid at the beginning in a gross sum, while insurance on lives is more commonly kept in force by the payment of an annual premium. The purchaser of the annuity, who paid for it when money was dear, will suffer by a depreciation of its value, and his income may at last purchase only half as much as the sum he stipulated for; but the holder of a life policy, who pays from year to year, gets the benefit of cheap gold in his annual contribution, and his heirs cannot complain, if they are paid, after his death, in money of like value.

France and England have a great public debt. In England, the debt now amounts to $ 3,876,563,470, and constitutes the wealth of a large body of the people. In France and the other European states the debt is less, but the aggregate indebtedness of all Europe falls little short of $ 10,000,000,000. As this is substantially permanent, for the principal is never paid, a fall in the value of money relieves the government in paying the interest, but it entails a corresponding loss upon the people. In the United States, we have no permanent debt, and the few public securities which our government has issued are better known to the stock-exchange of London than to that of New York. The States, it is true, owe a heavy aggregate of debt, probably not much less than two hundred and fifty millions of dollars; but most of this is held abroad, so that foreigners, and not our own citizens, will suffer by its depreciated value. As tax-payers in the indebted States, we shall gain by their loss.

Protracted leases of land are not common in this country. A few ground rentals exist in the large cities, for long terms of years; but generally, land and buildings are rented together,

on short leases. Long farm leases, such as go to swell the rent-rolls of the English gentry, are almost equally unknown, except in the manorial districts of the State of New York, where they are rapidly disappearing.

There is a very important species of property, which we have not yet mentioned, — railway bonds. Of these a vast amount, estimated at $400,000,000, has been issued by the various railway corporations of the United States. Much of this debt was contracted before the influence of the new gold began to be felt, and as the bonds have generally twenty years to run, the railway corporations will profit by the fall of gold. If, at the maturity of the bonds, gold has fallen to half its former value, they will be as well off as if only half the debt had originally been contracted, while the cheapness of money will have swelled their earnings. A large share of the railway bonds are also held in Europe, so that here again, as in the case of the State debts, we must profit by the change.

We have thus endeavored to show the nature of the several species of property in which the wealth of the United States consists, and have endeavored to predict the effect upon each of them of a considerable depreciation in the value of gold. Though not devoid of danger to our people, they will suffer so much less than those of older countries, that we can patiently await the issue. Our relations with Europe are so intimate, however, that we cannot escape injury from whatever seriously injures the European states. In case the relation of gold to silver should be once or oftener readjusted in those states, or should gold be altogether demonetized by them, our legislation must follow theirs. We cannot safely maintain a currency of less intrinsic value than the currencies of Europe. Even now, we fully believe that the inability of our manufacturers to compete with those of Western Europe is largely owing to the superabundance of our paper currency, which is worth less than the specie in which it is by law redeemable, though practically never redeemed. Prices are inflated as well by cheap paper, as by cheap gold; and whatever we import from foreign countries we buy at prices governed by our own currency, — while, unfortunately, we must pay for it in theirs.

Another European war may postpone for a time the oper-

ation of those causes which are leading to the depreciation of money. Our reasonings have been based on a state of peace. A long and general war would not only diminish the production of the precious metals, but would increase the demand for them. But we believe that the results which we have predicted will come to pass, whenever the causes to which they are attributed shall be operative in full, and that the views of M. Chevalier, which we have endeavored thus to unfold, will be justified by future history.

ART. IV. — 1. *Farm Drainage. The Principles, Processes, and Effects of draining Land with Stones, Wood, Ploughs, and open Ditches, and especially with Tiles; including Tables of Rain-Fall, Evaporation, Filtration, Excavation, Capacity of Pipes, Cost and Number to the Acre of Tiles, &c., &c., and more than One Hundred Illustrations.* By HENRY F. FRENCH. New York: A. O. Moore & Co. 1859. pp. 384.

2. *Elementary Treatise on the Drainage of Districts and Lands.* By G. D. DEMPSEY, C. E., with Illustrations. London: John Weale.

3. *Practical Landscape Gardening, with Reference to the Improvement of Rural Residences, giving the General Principles of the Art; with full Directions for planting Shade-Trees, Shrubbery, and Flowers, and laying out Grounds.* By G. M. KERN. Second edition. Cincinnati: Moore, Wilstach, Keys, & Co. 1855.

IT was the King of Brobdignag who avowed the opinion, "that whoever could make two ears of corn or two blades of grass to grow upon a spot of ground where only one grew before, would deserve better of mankind and do more essential service to his country than the whole race of politicians put together." Whatever may be said of politicians, there can be no doubt that the scientific farmer is a public benefactor. Government-tinkers and place-hunters may be, like Cardinal Wolsey, men of "unbounded stomach"; but, aside from the "home market" which they furnish in their own persons,